

A.V. Thomas and Company Limited

EXECUTIVE SUMMARY

COMPANY HIGHLIGHTS

ISIN Number: INE944K01010
Face Value (INR) : 10
Authorised Share Capital: INR 2 Cr
Paid Up Capital: INR 47 lacs
Outstanding Shares : 4,70,200
Status : Unlisted
Industry: Plantations – tea & coffee
Business Divisions: consumer products division, trading division, diary division and logistics
HQ: Alappuzha Kerala
CFO: R. Venugopalan
Executive chairman: Mr. Ajit Thomas

KEY FINANCIAL METRICS (in ₹ cr.)

Particulars	FY22	FY21	FY20
Sales	998.25	951.13	907.25
Net income	44.70	39.08	91.98
RoE	20.56%	20.00%	41.32%
RoCE	19.58%	17.34%	45.41%
EPS (in ₹)	959.18	839.69	1948.99
Current ratio	4.50	3.19	3.92
D/E ratio	0.03	0.16	0.09

A.V. Thomas and Company Limited was incorporated in 21st January 1935. The Company commenced its operations on 10th May 1935. The major business segments operated by the Company are Consumer products division engaged in the consumer marketing of tea and coffee, Trading division, diary division and logistics.

- 1) Consumer products division: One of the top players in the branded packaged tea market in India. Its flagship brand 'AVT Premium' is the second largest selling dust tea brand in the country.
- 2) Trading AVT Material division, is a total roofing solutions provider operating as an agent for leading aluminium as well as GI sheet manufacturers, such as Hindalco, Bhushan, Tata and Essar. It provide customers with a one-stop-solution to their entire roofing needs.
- 3) Dairy division 'AVT Dairy Sure', consisting of a range of diary whiteners and pure cow ghees.
- 4) Logistics & Services Accredited CHA – offer total logistic solutions to exporters/importers – warehouse to warehouse basis anywhere in the world.

The company has the following associates:

1. AVT Gavia Foods Private Limited (50% Holding)
2. A V Thomas Investments Co Ltd. (48.77% Holding)

Highlights during the year:

CONSUMER PRODUCTS DIVISION

There is a drop of 4% in overall volume for the year due to pandemic impact. However AVT continuous to be the market leader in Kerala and has good market share in Tamil Nadu. The sales volume in other states of Andhra, Karnataka and Orissa as well as the exports had been fairly steady.

ROOFING:

The overall drop in this division is around 6% due to the huge impact of COVID on the first quarter of the year.

LOGISTICS:

The volume under logistics has been affected due to poor market conditions.

DIARY:

The overall sale was affected by pandemic

FOREIGN EXCHANG EARNINGS/OUTGO:

The Company's earnings in foreign exchange on FOB value of exports during the year amounted to ₹1,684.93 lakhs compared to ₹2,189.62 lakhs during the previous year. The foreign exchange outgo during the year was ₹351.82 lakhs against ₹224.16 lakhs in the previous year.

SHAREHOLDING PATTERN AS ON
31 MAR 2022

Kind of shareholders	%
Mr. Ajit Thomas	48.25%
Mr. Dilip Thomas	33.39%
Others	18.36%

Financial Highlights

Particulars	Financial Year					CAGR
	2021-22	Y-o-Y Growth	2020-21	Y-o-Y Growth	2019-20	
Gross Income	998.25	4.95%	951.13	4.84%	907.25	3.24%
Total expense	937.47	4.36%	898.27	14.31%	785.79	6.06%
Interest	2.17	-28.73%	3.04	46.48%	2.08	1.44%
Depreciation	6.60	8.49%	6.09	26.07%	4.83	11.00%
Other expense	928.70	4.45%	889.14	14.16%	778.89	6.04%
Income before interest, depreciation and tax	69.55	12.20%	61.99	-51.71%	128.36	-18.48%
Net profit/(Loss) before tax	60.78	14.98%	52.86	-56.48%	121.46	-20.61%
Tax	16.08	16.67%	13.78	-53.26%	29.48	-18.30%
Net profit/(Loss)after tax	44.70	14.39%	39.08	-57.51%	91.98	-21.38%
EPS	959.18	14.23%	839.69	-56.92%	1,948.99	-21.05%
No. of Eq. Shares Outstanding	470,200	0.00%	470,200	0.00%	470,200	0.00%
Equity Share Capital	0.47	0.00%	0.47	0.00%	0.47	0.00%
Total Net Worth	305.69	12.21%	272.43	13.28%	240.49	8.32%
Total Assets	376.72	1.48%	371.22	17.34%	316.37	5.99%

Valuation Ratios

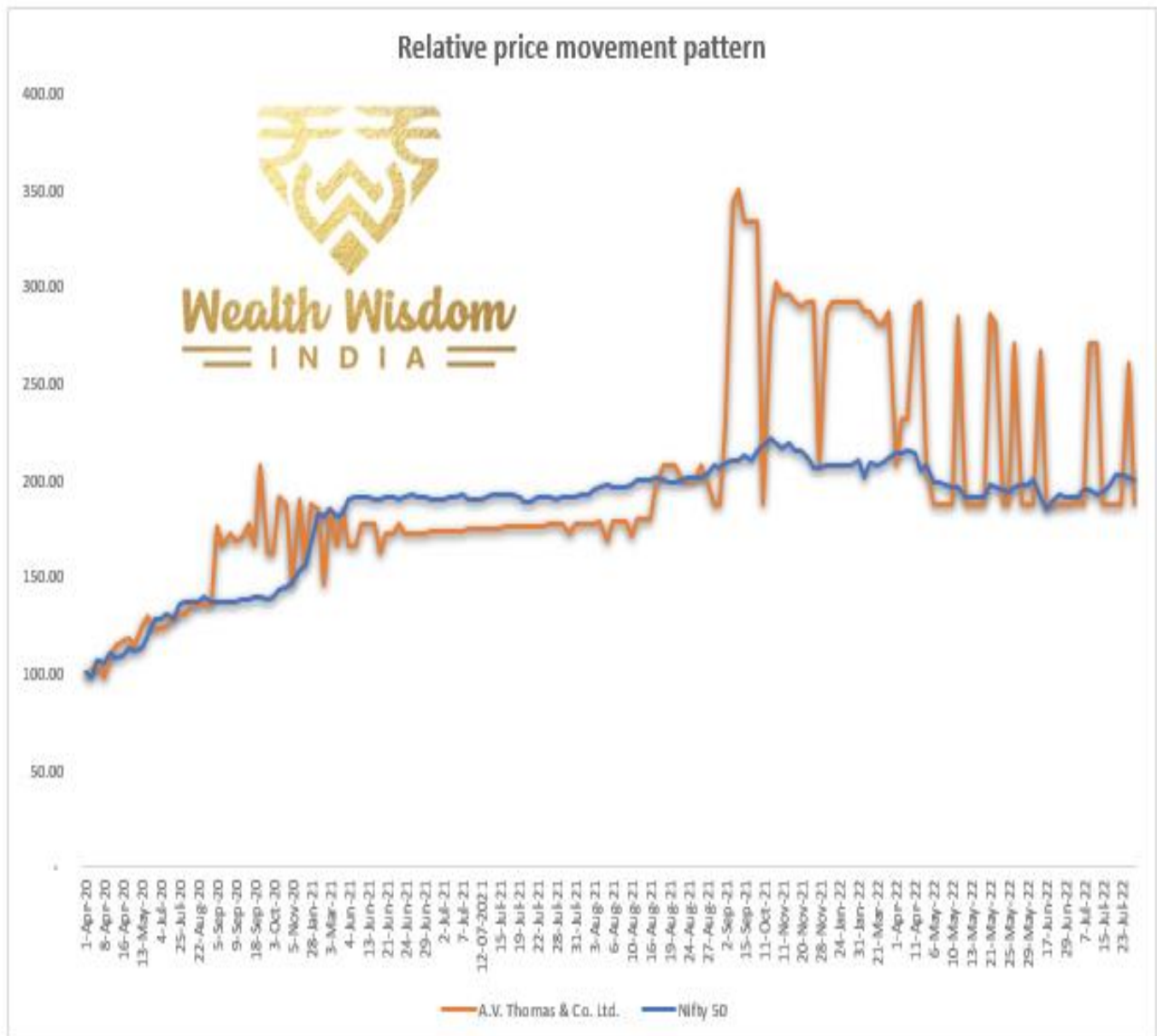
Particulars	FY22	FY21	FY20
Price (in ₹)	13,800.00	8,100.00	5,000.00
Price Growth (%)	70.37%	62.00%	-3.85%
EPS (in ₹)	959.18	839.69	1,948.99
EPS Growth %	14%	-57%	285%
Price- Earnings (x)	14.39	9.65	2.57
BVPS (in ₹)	6,501.20	5,794.01	5,114.64
BV Growth (%)	12.21%	13.28%	17.84%
Price -BV (x)	2.12	1.40	0.98
Dividend	200	200	975
Dividend yield (%)	1%	2%	20%

WEEKLY PRICE MOVEMENT

Price movement (in INR)



Relative price movement pattern



Industry outlook

Tea Industry

Tea board in conjunction with the industry has taken initiative to increase export target by 50% during COVID-19 pandemic the base export had declined. Further effective from April 2022, they have announced grade standardization true to the type of tea. These measures augurs well for the industry. The Russia-Ukraine conflict if protracted will hurt global trade and remains a cause of concern.

The tea production in India has increased in India by 6% from 1258 million kg to 1329 million kg. The crop of Darjeeling, Terai and South India was lower whereas crop of Assam were higher. The Company produced 148.20 lakh kg. of tea against 154.60 lakh kg. last year.

Trading AVT Material division – Roofing one stop solution

Amidst the challenges brought by the COVID-19 pandemic leading to disruptions in supply chain and surging inflation rate, the Indian Government introduced various policies to cushion the impact on the domestic economy and in specific vulnerable sections of society and the business sector. Through its policies, the Government significantly increased capital expenditure on infrastructure projects to build back medium-term demand and aggressively implemented supply side measures to prepare the economy for a sustained long-term expansion. With the vaccination programme having covered the majority of the population, recovering economic momentum and the likely long-term benefits of supply side reforms in the pipeline, the Indian economy is in a good position to witness GDP growth of around 8.0%-8.5% in 2022-23.

Diary division

The diary market reached a value of ₹13,174 billion in 2021. It is expected that the market will be growing at a CAGR of 14.98% during 2022-27. India has been the leading producer and consumer of dairy products worldwide since 1998 with a sustained growth in the availability of milk and milk products. Moreover, nearly all of the dairy produce in India is consumed domestically, with the majority of it being sold as fluid milk. On account of this, the Indian diary industry holds tremendous potential for value addition and overall development.

Along with offering profitable business opportunities, the dairy industry in India serves as a tool of socio-economic development. Keeping this in view, the Government of India has introduced various schemes and initiatives aimed at the development of the dairy sector in the country.

Logistics division

Logistics, being an integral part of essential service network has yet again proven its capability to adapt and deliver. The pandemic has paved the way for innovation in logistics.

Logistics players who have embraced a combination of latest trends and established business strengths have seen an uptick. There has been an exponential growth in last mile deliveries and the industry has gone through an end-to-end transformation in handling its operations. Adoption of WMS (warehouse management system), on-demand warehouses/fulfilment centers, end-to-end customised solutions, push towards multimodal especially rail and coastal, big data analytics, self-driving carrier trucks, use of automated vehicles, drones and EV have been certain important talk points/trends of the industry.

COMPANY OUTLOOK

Tea Industry

The Company is one of the top players in the branded packaged tea market in India. Its flagship brand 'AVT Premium' is the second largest selling dust tea brand in the country.

The company's success has been attributable to its ability to set and adhere to the highest quality control standards, to continuously develop products tailored to meet the needs of regional consumers and to consistently apply them via its extensive distribution network

Logistics Industry

The Company has incorporated the latest technology and systems in temperature controlled land based transportation motor vehicles, the company offers customers complete transparency as well as control via vehicle movement and product condition monitoring.

Diary Industry

AVT diary Sure focuses on delivering the 'Power of Milk' by developing products made from the purest of cow's milk and using the latest manufacturing technologies, to provide consumers with products that are not only delicious and nutritious, but also of the highest quality.

Materials Industry

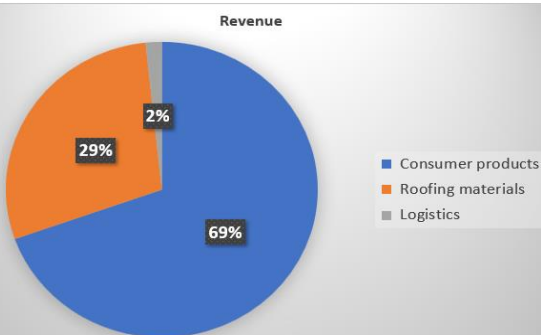
Principal to the company's success has been its extensive network of depots, dealers and retailers in Kerala as well as Tamil Nadu, that provide customers with a one-stop-shop solution to their entire roofing needs

BUSINESS STRATEGIES

Paramount to company's success has been their ability to identify opportunities, quickly diversify and emerge as a leader in their chosen business areas. They have the ability to continually forge strong, reliable and trusting partnerships with some of the biggest international names in the industry such as McCormick, Gavia and Kemin Industries.

Passion for new initiatives, commitment to quality and emphasis on ethical business practices and preference for long-term business partnerships – Reasons behind World Class Business and one of South India's most respected family enterprises.

SEGMENT WISE PERFORMANCE



Particulars	Amount (in ₹ cr.)		
	Consumer products	Roofing materials	Logistics
Revenue	690.49	285.43	16.49
Segment result after tax	60.06	2.90	0.06
Capital expenditure	1.23	1.22	0.00
Capital employed	84.59	82.02	3.59

FINANCIALS

A.V. THOMAS AND COMPANY LIMITED, ALAPPUZHA

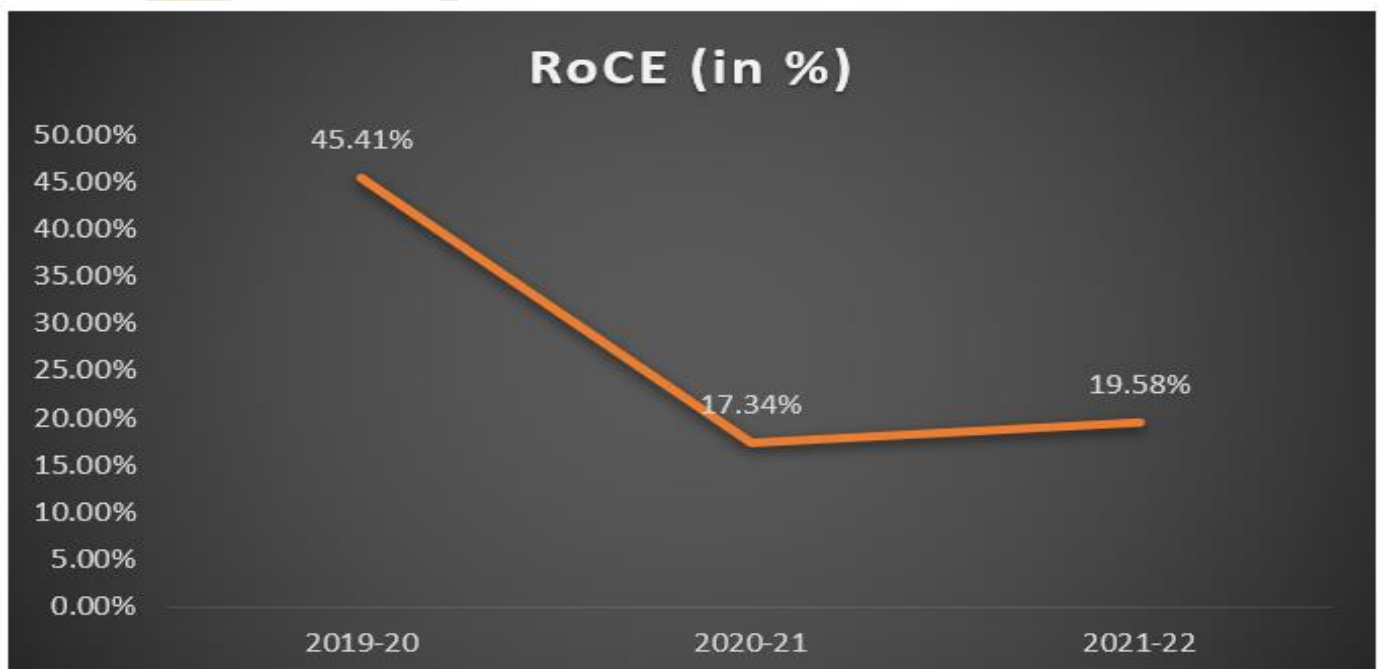
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CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2022

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Note No.	As at	As at	As at
		31st March 2022	31st March 2021	1st April 2020
ASSETS				
Non-current assets				
Property, Plant and Equipment	3	39,24.98	40,18.49	39,18.07
Capital work-in-progress	3	-	42.01	1.63
Investment Property	4	41.36	43.35	45.49
Other Intangible Assets	5	1,32.17	1,55.19	4.34
Intangible assets under development	5	16.40	4.68	1,29.44
Right-of-use assets	6	4,19.44	3,06.09	3,55.22
Financial assets				
i) Investments	7	48,33.36	34,44.71	15,39.91
ii) Other financial assets	8	-	-	-
Deferred tax assets (net)	9	1,08.83	1,75.27	1,75.00
Other non-current assets	10	1,74.52	4,36.43	1,99.13
Total non-current assets		96,51.08	86,26.22	63,68.23
Current assets				
Inventories	11	126,97.46	166,19.76	119,95.78
Financial Assets				
i) Investments	7	74,39.09	60,93.95	70,52.44
ii) Trade receivables	12	37,98.49	36,83.05	31,48.17
iii) Cash and cash equivalents	13	17,23.99	1,33.88	6,12.64
iv) Bank balances other than (iii) above	13	1,19.20	1,05.72	7,26.67
v) Loans	14	36.22	36.35	50.08
vi) Other financial assets	8	0.47	11.92	0.77
Other current assets	10	20,06.14	18,10.97	14,81.77
Total current assets		280,21.06	284,95.60	252,68.32
Total Assets		376,72.14	371,21.82	316,36.55
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	15	47.02	47.02	47.02
Other Equity	16	305,21.60	271,96.40	240,02.03
Total equity		305,68.62	272,43.42	240,49.05
Liabilities				
Non-current liabilities				
Financial Liabilities				
i) Borrowings	17	3,90.00	5,85.00	7,73.02
ia) Lease liabilities	18	2,24.20	1,30.20	1,64.58
Provisions	19	2,60.97	2,36.92	1,95.80
Total non-current liabilities		6,75.17	9,52.12	11,33.40
Current liabilities				
Financial Liabilities				
i) Borrowings	17	1,95.00	36,09.03	12,73.88
ia) Lease liabilities	18	73.23	34.38	30.15
ii) Trade Payables	20			
Total outstanding dues of micro enterprises and small enterprises; and Total outstanding dues of creditors other than micro enterprises and small enterprises		1,91.42	1,06.22	20.94
ii) Other financial liabilities	21	32,14.52	35,03.45	31,97.32
Other current liabilities	22	92.01	91.96	6,97.19
Provisions	19	10,51.57	5,87.27	6,41.24
Current Tax liabilities (net)	23	13,37.90	9,16.04	5,65.10
		72.70	77.93	26.28
Total current liabilities		62,28.35	89,26.28	64,54.10
Total liabilities		71,03.52	98,78.40	75,87.50
Total equity and liabilities		376,72.14	371,21.82	316,36.55
Company information & significant accounting policies	1 & 2			
See accompanying notes to the financial statements				

Exhibit 1: RoCE (in %)

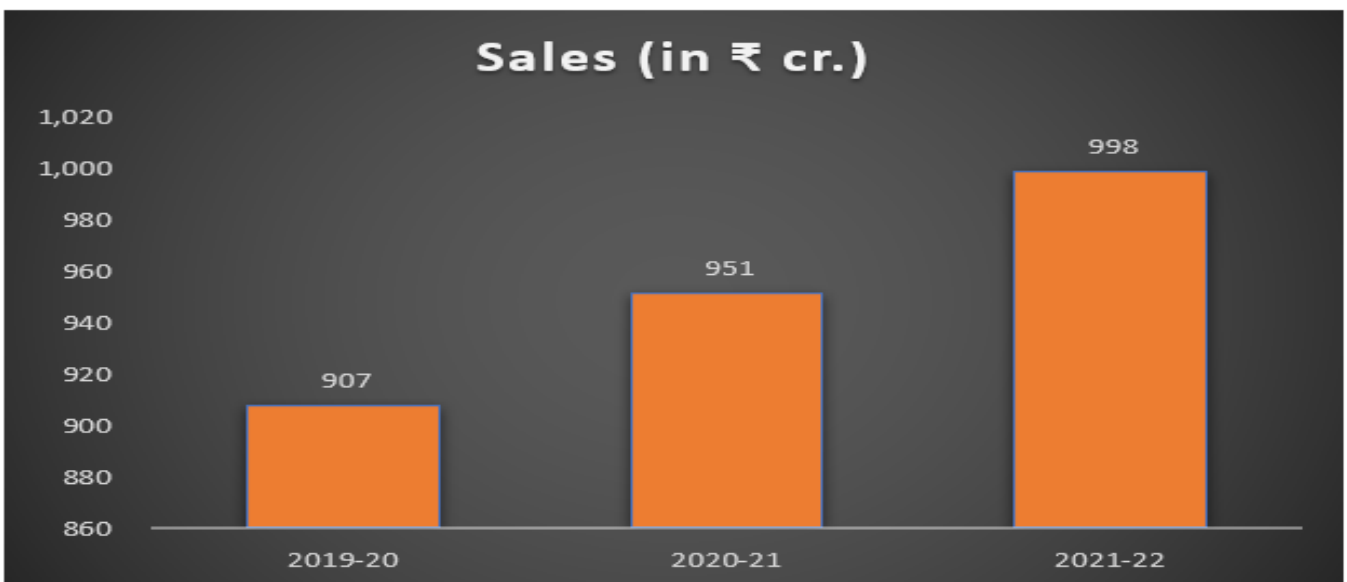


FINANCIALS
A.V. THOMAS AND COMPANY LIMITED, ALAPPUZHA

CIN: U51109KL1935PLC000024

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AS AT 31ST MARCH 2022

(All amounts in Rs. Lakhs, unless otherwise stated)			
Particulars	Note No.	Year ended 31st March 2022	Year ended 31st March 2021
Revenue from operations	24	992,41.07	946,04.77
Other Income	25	5,84.03	5,08.75
Total income		998,25.10	951,13.52
Expenses			
Cost of materials consumed	26	604,44.83	623,92.08
Purchases of stock-in-trade		162,09.65	90,13.74
Changes in inventories of finished goods and stock-in-trade	27	(4,15.24)	13,29.76
Manufacturing expenses	28	24,17.55	21,24.68
Employee benefits expense	29	43,70.39	41,52.61
Finance costs	30	2,16.77	3,04.17
Depreciation and amortization expense	31	6,60.39	6,08.70
Selling expenses	32	79,00.49	80,44.59
Other expenses	33	19,42.27	18,57.00
Total expenses		937,47.10	898,27.33
Profit before exceptional items & tax		60,78.00	52,86.19
Exceptional items		-	-
Profit before tax		60,78.00	52,86.19
Tax expense			
Current tax	36	15,25.00	13,75.00
Deferred tax	36	82.60	2.89
Profit for the year		44,70.40	39,08.30
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
(i) Equity instruments through other comprehensive income	7	(2,03.46)	31.95
(ii) Remeasurement of the defined benefit plans	39	(64.20)	(12.56)
(iii) Share of other comprehensive income of associates and joint ventures accounted for using the equity method		7.04	1,64.02
(iv) Income tax relating to items that will not be reclassified to profit or loss	36	16.16	3.16
Total other comprehensive income / (loss), net of tax		(2,44.46)	1,86.57
Total Comprehensive Income for the year		42,65.59	41,34.77
Earnings per equity share (in Rs.)			
(1) Basic	37	959.18	839.69
(2) Diluted	37	959.18	839.69
Face value per ordinary share - Rs. 10			
Company information & significant accounting policies	1 & 2		
See accompanying notes to the financial statements			

Exhibit 2: Sales (in ₹ cr.)


FINANCIALS
A.V. THOMAS AND COMPANY LIMITED, ALAPPUZHA

Notes to the Consolidated Financial Statements for the year ended 31st March 2022

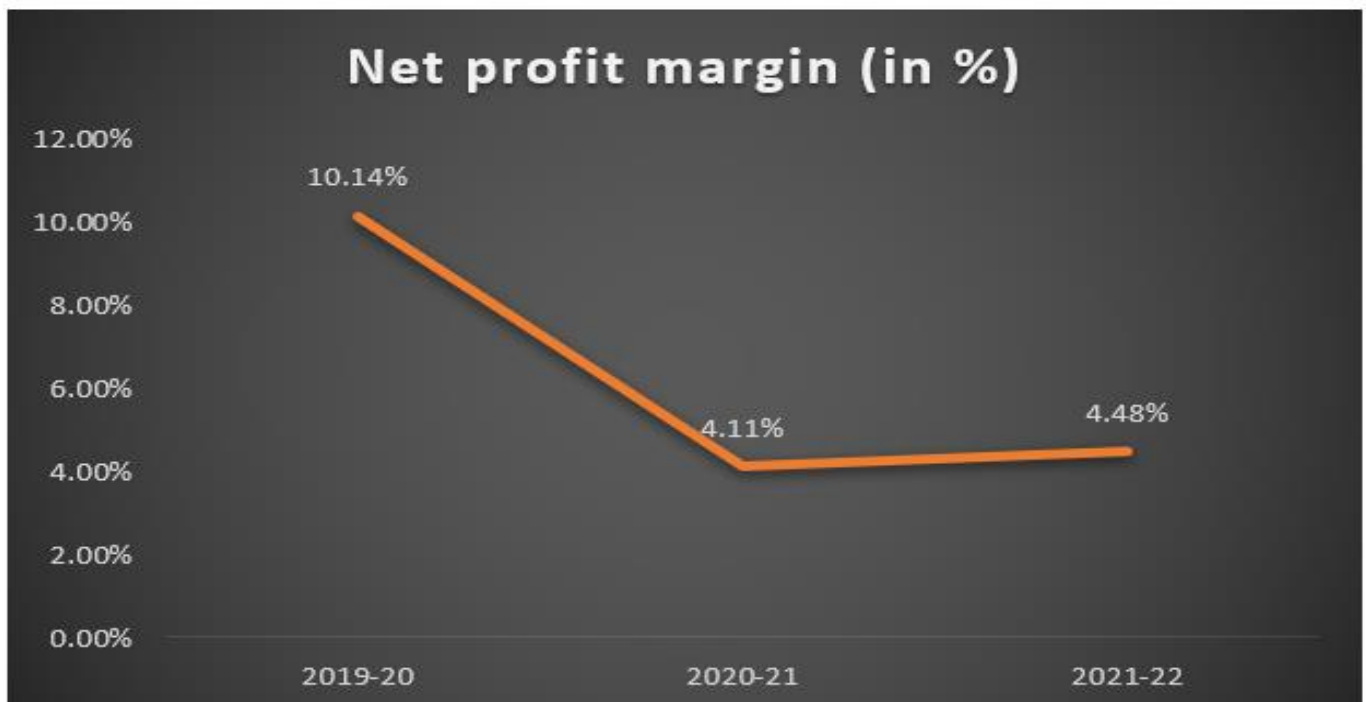
Note No. 43 Ratio Analysis

(All amounts in Rs. Lakhs, unless otherwise stated)

Sr. No.	Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Reason for variance
1	Current Ratio(in times)	Current Assets	Current Liabilities	4.50	3.19	40.93	On account of improved liquidity position and profitability during the year
2	Debt-Equity Ratio (in times)	Total Debt (including lease liability)	Total shareholder equity	0.03	0.16	(81.88)	Repayment of term loan and improved net worth
3	Debt Service Coverage Ratio (in times)	Earning available for debt service (Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.)	Debt Service = Interest & Lease Payments + Principal Repayments	18.66	12.91	44.59	On account of improved operating performance
4	Return on Equity Ratio (in %)	Profit after Tax	Average Shareholders Equity	20.56%	20.00%	2.79	
5	Inventory Turn over Ratio (in times)	Cost of goods sold	Average inventory	5.33	5.23	1.86	
6	Trade Receivable Turn over Ratio (in times)	Net Credit Sales	Average Accounts Receivable	26.51	27.69	(4.27)	
7	Trade Payable Turn over Ratio (in times)	Net Credit Purchases	Average Accounts Payable	41.58	44.54	(6.64)	
8	Net Capital Turn over Ratio (in times)	Net Sales (Sales minus sales return)	Average Working Capital	4.80	4.93	(2.70)	
9	Net Profit Ratio (in %)	Net Profit (Net profit after tax)	Net Sales (Sales minus sales return)	4.51%	4.13%	9.09	
10	Return on Capital Employed Ratio (in %)	EBIT	Capital Employed (Tangible net worth+ Total debt+ Deferred Tax Liability)	19.58%	17.34%	12.93	
11	Return on Investment (in %)	Net return on investment	Average investment	1.59%	3.92%	(59.37)	On account of short term nature which evens out on a long term basis

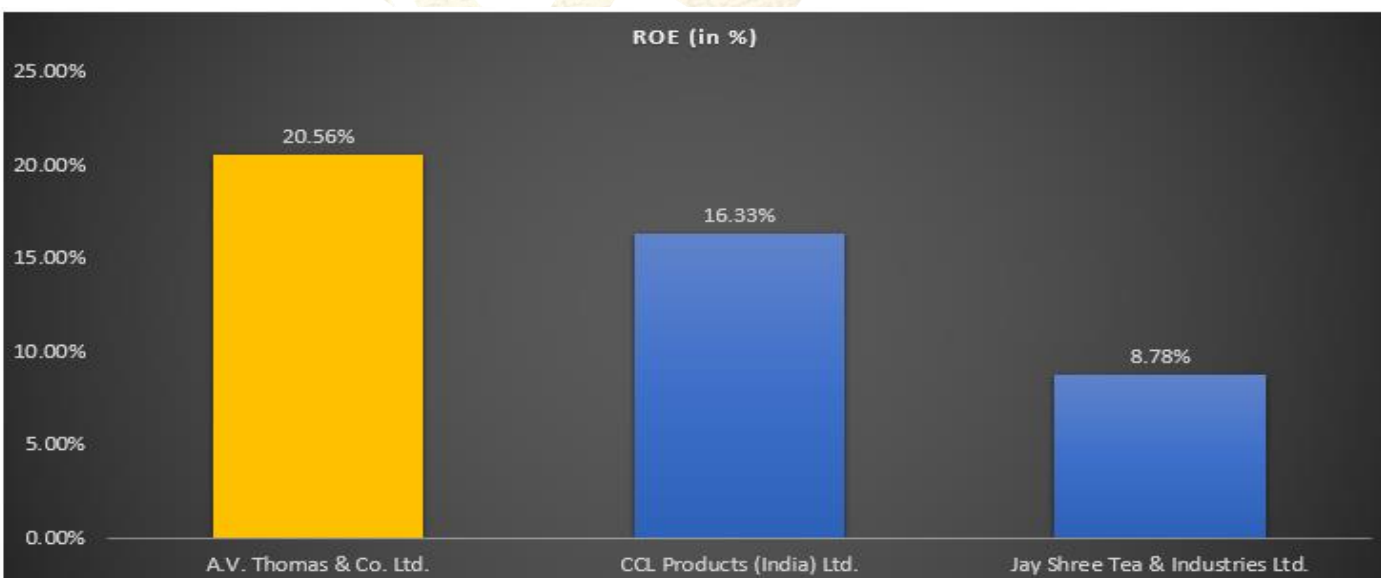
- Sales has grown at a CAGR of 3% over last 3 years.
- PAT has grown at a CAGR of -21%
- Assets has grown at a CAGR of 6%
- Borrowings has grown at a CAGR of -34%

Cashflow Statement: There was negative cashflows from financing and investing activities but positive cashflow from operating activities resulting in **cash and cash Equivalents to increase from (₹6.78 Cr) in FY 21 to ₹ 15.90 Cr in FY 22.**

Exhibit 4 : Net profit margin (in %)


PEER COMPARISON (CMP Dated August 11, 2022)

Particulars	A.V. Thomas & Co. Ltd.	CCL Products (India) Ltd.	Jay Shree Tea & Industries Ltd.
CMP* (in ₹)	11,000	440.55	88.40
Market Cap (In Cr.)	517.22	5,860.55	255.28
EPS (Earnings Per Share) (in ₹)	959.18	15.36	10.42
P/E	11.47	28.68	8.48
BVPS	6,501.20	94.02	118.60
P/BV	1.69	4.69	0.75
Return on Asset	11.87%	9.87%	2.49%
Return on Equity	20.56%	16.33%	8.78%
Current Ratio	4.50	1.57	0.58
Net profit margin	4.48%	13.97%	0.56%
3 Yr CAGR Sales (in %)	3.24%	16.27%	3.05%
3 Yr CAGR Net profit (in %)	-21.38%	14.86%	2.13%



FORMULAE USED

$$\text{Dividend Yield} = \frac{\text{Dividend per share}}{\text{Current Price}}$$

$$\text{Return on Equity} = \frac{\text{Net profit}}{\text{Shareholder's Funds}}$$

(RoNW)

$$\text{Return on Assets} = \frac{\text{Net profit}}{\text{Total assets}}$$

$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Net profit margin} = \frac{\text{Net profit}}{\text{Total Income}}$$

$$\text{BVPS} = \frac{\text{Shareholder's Funds}}{\text{Number of shares}}$$

$$\text{Debt} = \frac{\text{Debt (including lease liabilities)}}{\text{Total Equity}}$$

DISCLAIMER

The figures as on 31 March 2022 has been taken from the Company's annual report.

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